

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: March 9, 1995

SUBJECT: **SB 302 - HB 1152**

This bill, if enacted, will provide a credit to be used to lower the original amount of such contractor's bid if that contractor provides health care for its employees. The State Building Commission would decide the amount of credit to apply to a project prior to issuing the invitation to bid, thus providing a competitive advantage to those contractors that are providing health insurance to their employees. This bill would in effect add the cost of health insurance for all workers on state construction contracts.

The fiscal impact from enactment of this bill is estimated to be an increase in state expenditures from the Highway Fund of \$7.5 million as a result of costs being passed on to the state in the form of higher construction bids. (This estimate is based on average state construction of \$200 million with 33% of this amount being for labor, or \$66 million. At an average hourly rate of \$17.50, there would be an estimated 3,771,425 hours multiplied times an average hourly insurance rate of \$2 an hour for a cost of \$7,542,850.)

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director